

m/045/022

TELECOPIER COVER LETTERTHE RENCO GROUP, INC.45 Rockefeller Plaza
36th Floor
New York City, NY 10111DOGM
MINERALS PROGRAM
FILE COPY

DATE: April 2, 1990

TO: Lee Brown

FAX NO.:

FROM: Ira Leon Rennert

NUMBER OF PAGES (INCLUDING THIS PAGE): 3

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AMAX Inc.
200 Park Avenue
New York, N.Y. 10166
212 356 4200



March 28, 1990

DO NOT
MINERALS PROGRAM
FILE COPY

Mr. Ira L. Rennert
Chairman and President
The Renco Group, Inc.
45 Rockefeller Plaza, 36th Floor
New York, NY 10111

Dear Ira:

Replacement of AMAX Bonds by RENMAG

We recently discussed RENMAG's obligation under Section 8.11 of the Magnesium Purchase Agreement (the "Section") to replace certain bonds posted by AMAX with respect to what are now RENMAG's magnesium operations in Utah. You explained that it would be extremely onerous, if not impossible, for RENMAG to procure such replacement bonds. I responded that it was not in my power to agree to a continuing postponement of the release of the bonds posted by AMAX.

I have had further internal discussions with respect to this matter. As a result, I must tell you that AMAX cannot agree to a continuing waiver of RENMAG's obligation under the Section, notwithstanding (i) your willingness to refund to AMAX its direct bonding costs and (ii) RENMAG's indemnity set forth in the Bond Indemnity Agreement of August 31, 1989. The principal reasons for AMAX's position are:

- o the bonding uses part of AMAX's debt capacity for which usage AMAX is not and cannot be compensated, and
- o more importantly, AMAX is not in, and does not want to be in, the business of providing bonding for unrelated companies.

While we do not intend any precipitate action with regard to this matter, we must insist on a deadline of May 31, 1990 as the date by which RENMAG must satisfy its obligations under the Section. We are, of course, ready to assist your people in every way on this matter, short of extending the above deadline.

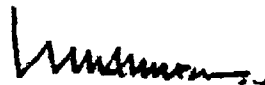
Pat Hurley

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I sincerely hope this matter can be settled amicably in timely fashion.

Very sincerely yours,


H. M. Simeon
Vice President

HMS/dlg

cc: Justin D'Atri, Esq.
E. Dale Trower, Esq.

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